

THE EUROPEAN VOICE OF DIRECTORS

#EUALERT

Week 11



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EUROPEAN INSTITUTIONS

EP: Draft report on company environmental liability adopted

The Legal Affairs Committee adopted [an own-initiative report](#) identifying areas for improvement of the Environmental Liability Directive (ELD) and the Environmental Crime Directive that would make it possible to prevent and remedy environmental damage more effectively and strike a balance between corporate concerns and environmental protection. Recommendations include:

- Aligning the ELD with other EU legislation on environmental protection and the Paris climate agreement;
- Looking into the relevance of "ecocide" in relation to EU law and diplomacy;
- Setting up an EU Environmental Liability Task Force to help member states with implementation and offer support and access to justice for victims of environmental damage.

EP: Linking executive compensation to sustainability performance, an idea that is gaining ground

In a webinar, the European Commission organised with the European Parliament on the 15th of March, MEP Heidi Hautala stated that she is supportive of the idea of linking companies' sustainability strategy and performance to the executive remunerations. This dimension could be then integrated into the upcoming legislation on directors' duties.

EP: Public hearing on the Wirecard case

On Tuesday 23rd (from 13.45 to 15.45 CET), the JURI and ECON Committees will organise a public hearing on the lessons learned from the Wirecard case.

All the previous discussions and actions taken by the European institutions are summarised in this [paper](#).

ESAs: Consultation on Taxonomy-related product disclosures

The three European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) have issued a [Consultation Paper](#) seeking input on draft Regulatory Technical Standards (RTS) regarding disclosures of financial products investing in economic activities that contribute to an environmental investment objective. The closing date for responses to the consultation is 12 May 2021. Following the consultation period, the draft RTS will be finalised and submitted to the European Commission.

EUROPEAN DEVELOPMENTS

Article: AGMs have lost their sense of purpose (University of Oxford)

Guy Jubb, former head of governance at asset management giant Standard Life Investments, [claims](#) AGMs have failed to adapt to the changing face of capitalism and shifts in societal values, thus losing their sense of purpose. To improve this, he argues an AGM should be complemented with a year-long period of transparent dialogue between companies, stakeholders and shareholders. Other suggestions include companies preparing reports for the benefit of the AGM agenda, and for meetings to conclude with anonymised polls about this.

Position Paper: Building a credible green bond market (Accountancy Europe)

Accountancy Europe's [publication](#) presents the accounting profession's views on how to strengthen the confidence in the green bond market. Recommendations include:

- Establishing a mandatory EU green bond standard to ensure it is consistently applied in the market;
- Set up a centralised European accreditation system for external assessment, building on existing national schemes and processes;
- Require reporting on green bonds and on actual environmental impact at regular intervals;
- Ensure third-party independent assurance is obtained on allocation and environmental reports;
- Align the EU GBS with the EU Taxonomy.

European NGOs call for stricter reporting requirements for company in sustainability matters

The Alliance for Corporate Transparency (ACT), made up of European NGOs, is [calling](#) on the EU to increase and more precisely define the reporting requirements for companies. According to them, companies should measure their own corporate strategy and risk assessment against the climate targets of the Paris Agreement and take into account various scenarios regarding future climate development. They base their claims on several [studies](#) asserting that around 42% of the companies surveyed do not provide any information on corporate risks in connection with climate change.

INTERNATIONAL DEVELOPMENTS

Call to action on sustainable corporate governance (The Modern Corporation)

The IIRC, ICGN, PwC and Robeco, with the support of many universities published a [call for action](#), expressing their support for the current European Commission proposals for sustainable corporate governance. They stated that a reform of the corporate governance system is essential to orientate directors towards long-term value creation rather than short-term profit maximisation for the company. According to them there is a pressing need for comprehensive corporate governance frameworks to achieve true business sustainability.

UN adopts landmark framework to integrate natural capital in economic reporting

The 52nd United Nations Statistical Commission has adopted the [System of Environmental-Economic Accounting—Ecosystem Accounting](#) (SEEA EA) as an international statistical standard that goes beyond the commonly used statistic of gross domestic product. The new framework will allow countries to see how their economic activities may affect their ecosystems, and how their activities could be changed to achieve prosperity without damaging or destroying nature in the process.

NATIONAL DEVELOPMENTS

UK: Investors warn dual-class shares 'erode' shareholder rights (Minerva Analytics)

Critics have arisen after the publication of Lord Hill's '[UK Listing Review](#)' recommending to introduce dual-class share structures on the premium the premium listing segment of the London Stock Exchange to draw international IPOs. Supporters of dual-class share structures argue they will make the UK more attractive to high-growth, innovative companies post-Brexit. However, critics have warned they dampen shareholder rights and make it harder for investors to influence corporate behaviour on issues such as ESG.

Germany: German government committee proposes steps for 'greater transformation' of sustainable finance sector

The German government's Sustainable Finance Committee has released its [final report](#) on the country's prospects for becoming a leading location for the green finance industry. The report lists 31 measures to better steer public and private investments towards environmentally-friendly activities, which is seen as prerequisite for achieving a climate neutral economy. Among the most important measures identified are company reporting which the committee says should get priority in implementation, as well as the orientation of public bond issuing towards green criteria

EVENTS

Climate Governance Initiative: Global Summit

In collaboration with the World Economic Forum, the Chapters of the Climate Governance Initiative organise, from the 22nd to the 26th of March, the inaugural [global summit](#) of the Climate Governance Initiative. It will convene board members, regulators, experts, academia and other corporate governance leaders to understand and act upon the risks and opportunities that the climate emergency poses to the long-term resilience and business success of their companies.

Working together for the planet: Audit & Assurance of sustainability information

On April 29th (from 11.00 to 12.30 CET), ACCA, ECIIA, Deloitte and AccountancyEurope will be organising an event addressing the practical challenges of having high-quality NFI reporting and assurance. The event will also launch a guide on natural capital management for internal and external auditors, resulting from the collaboration of the organisers and a vast range of stakeholders.

ECODA NEWS

- ecoDa has been mentioned in an [ENDS Article](#) "In-depth: What is at stake in EU plans for sustainable corporate governance?";
- **SAVE THE DATE:** With the support of the GNDI (the Global Network of Directors' Institutes) ecoDa, FERMA (the Federation of European Risk Management Associations) and ECIIA (the European Confederation of Institutes of Internal Auditing) are organising a joint event on the 19th of April (11.00 to 12.00 CET) on the impacts of the Covid-19 on the three lines. More information as well as the registration link can be found [here](#)

AGENDA

- **March 22nd:** ecoDa ESG Working Group meeting in the presence of Rainer Riess, Director General of the Federation of European Securities Exchanges (FESE) and Josina Kamerling (The CFA institute);
- **March 29th:** ecoDa WG on Corporate Governance for Unlisted companies meeting.